

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7557

BILL NUMBER: HB 1840

NOTE PREPARED: Jan 21, 2003

BILL AMENDED:

SUBJECT: Legislators' Defined Contribution Plan.

FIRST AUTHOR: Rep. Whetstone

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Public Employees' Retirement Fund (PERF) Board to include in the Legislators' Defined Contribution Plan an investment option that conserves the amounts invested using: (1) direct obligations of the United States of America; (2) obligations guaranteed by the United States of America; (3) certain obligations of federal banks; and (4) certificates of deposit or time deposits constituting direct obligations of a bank.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The Chief Investment Officer of PERF stated that after meeting with their consultants, implementing this provision as a separate project would require a Request for Proposal (RFP) and implementation would require six to nine months due to PERF's size and complexity. A separate project would be extremely difficult to accomplish by December 2003. However, if the effective date of the bill were July 1, 2004, the provisions of this bill could be accomplished as part of a larger project. PERF is working on a project which is targeted for completion by June 2004 which would allow implementation of this proposal along with other priorities in this area at no additional cost.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund.

Local Agencies Affected:

Information Sources: Patricia Gerrick, Chief Investment Officer, Public Employees' Retirement Fund, 234-1678.

Fiscal Analyst: James Sperlik, 317-232-9866.